

Message Text

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ORIGIN COME-00

INFO OCT-01 NEA-10 ISO-00 SP-02 USIA-15 AID-05 EB-08
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SIL-01 PA-02 L-03 H-02 /103 R

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-----125071 111605Z /20

R 110248Z PEB 78
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

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SUBJECT:COUNTRY COMMERCIAL PROGRAM FOR INDIA; FY 1979
GUIDANCE

REF: (A) NEW DELHI 4350 (B) NEW DELHI 4859 (C) STATE
44899 (D) STATE 118

1. THE PURPOSE OF THIS CABLE IS TO REFLECT WCAG THINKING
AND SUGGESTIONS FOR THE POSTS TO CONSIDER WHILE FORMULATING
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DETAILED PROPOSALS FOR THE FY'79 CCP.

2. OVERVIEW: INDIA'S CONTINUING ACCUMULATION OF FOREIGN
EXCHANGE WHICH IS AT A RECORD LEVEL OF 5.4 BILLION DOLLARS,
EXTERNAL FINANCIAL ASSISTANCE FROM THE IBRD AND OTHER
DONORS AMOUNTING TO ABOUT 2 BILLION DOLLARS ANNUALLY,

ALONG WITH STATED GOI POLICIES TO LIBERALIZE IMPORT CONTROLS APPEARS TO OFFER A UNIQUE OPPORTUNITY FOR U.S. EXPORTERS OF CAPITAL EQUIPMENT, MACHINERY, OPERATING SUPPLIES AND TECHNOLOGY. IMPROVED OVERALL INDO-U.S. RELATIONS AND THE DIMINISHING IMPORTANCE OF RUPEE TRADE AGREEMENTS WOULD BE ADDITIONAL CONTRIBUTING FACTORS TO INCREASE THE POTENTIAL FOR U.S. EXPORTS. IT IS RECOGNIZED THAT NEW CAPITAL INVESTMENTS IN SOME INDUSTRIAL SECTORS ARE DE-

PRESSED BECAUSE OF SLACK CONSUMER DEMAND AND THE PERSISTENT CONTROLS WHICH ARE IMPOSED BY THE GOI BUREAUCRACY. HOWEVER, BARRING NATURAL OR POLITICAL CALAMITIES WHICH WOULD REQUIRE A SHIFT IN ECONOMIC DEVELOPMENT STRATEGY OR REVERSAL IN THE TREND TOWARD IMPORT LIBERALIZATION, IT APPEARS THAT THE COMMERCIAL AND ECONOMIC ENVIRONMENT IS FAVORABLE FOR INCREASED EMPHASIS ON TRADE PROMOTION ACTIVITIES DURING FY 1979 AND A SUBSEQUENT INCREASE IN U.S. EXPORTS TO INDIA.

3. CAMPAIGNS: THE GOI HAS PERSISTENTLY CONTENDED THAT ITS PRECARIOUS FOREIGN EXCHANGE POSITION WAS THE PREMISE ON WHICH STRICT IMPORT CONTROL POLICIES WERE JUSTIFIED AND ENFORCED. THIS APPEARS TO BE AN INVALID CONTENTION BASED ON THE CURRENT ECONOMIC SITUATION IN INDIA. CONSEQUENTLY, WCAG AGREES IN GENERAL THAT POST SUGGESTED CAMPAIGNS OUTLINED REF (A) ARE COMPATIBLE WITH ECONOMIC AND COMMERCIAL CONDITIONS IN INDIA. EFFECTIVE IMPLEMENTATION

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TATION OF MUTUALLY AGREED CAMPAIGN ACTIONS SHOULD HAVE A POSITIVE IMPACT ON U.S. EXPORTS. WCAG SUGGESTS THAT THE CCAG CONSIDER THE FOLLOWING COMMENTS AND ADDITIONAL PROMOTIONAL EVENTS IN DRAFTING THE MISSIONS CONTRIBUTION FOR THE FY'79 CCP.

(A) METAL WORKING AND FINISHING EQUIPMENT: ASSUMING THAT A POTENTIAL MARKET WILL BE SUBSTANTIAL BY RESEARCH SCHEDULED FOR SUBMISSION DURING FY'78, WE ARE PREPARED TO EXPLORE THE POSSIBILITY OF SCHEDULING A VIDEO/CATALOG EXHIBITION WITH AN INDUSTRY TECHNICAL REPRESENTATIVE OR MAKING THE VIDEO TAPE AND CATALOGS AVAILABLE TO THE POSTS FOR EXHIBITION PURPOSES DURING OCTOBER 1978. SUGGEST THE POST INCLUDE THIS EVENT AS AN ACTION FOR THIS CAMPAIGN ON A PROVISIONAL BASIS AND SUBJECT TO THE AVAILABILITY OF FUNDS. ALTERNATIVELY, THE POST MAY CONSIDER THE POSSIBILITY OF AN IOGA TRADE MISSION BASED ON DISCUSSIONS WITH THE REPRESENTATIVE OF THE NATIONAL MACHINE TOOL BUILDERS ASSOCIATION WHO WILL CONDUCT A SURVEY IN INDIA DURING JANUARY AND FEBRUARY 1978.

(B) INDUSTRIAL PROCESS CONTROL INDUSTRIAL INSTRUMENTS AND EQUIPMENT: CATALOG SHOWS SCHEDULED FOR APRIL 1979 APPEAR APPROPRIATE FOR THIS CAMPAIGN. ASSUME POSTS WILL PLAN THE SAME ACTIONS AND INITIATIVES WHICH HAVE PRODUCED EXCELLENT RESULTS IN THE PAST.

(C) COMMUNICATIONS EQUIPMENT AND SYSTEMS: IT APPEARS THAT A HIGHER PRIORITY SHOULD BE GIVEN TO THIS CAMPAIGN IN VIEW OF THE EMPHASIS AND MAGNITUDE OF FUNDS BEING PROVIDED

BY THE GOI FOR EXPANSION AND DEVELOPMENT IN THIS SECTOR. THE COMMUNICATIONS SATELLITE PROJECT AND REQUIRED GROUND SUPPORT EQUIPMENT WILL INVOLVE EXPENDITURES IN EXCESS OF 1.4 BILLION DOLLARS. THE TRADE MISSION SCHEDULED FOR NOVEMBER 1978 SHOULD ENHANCE THE POTENTIAL FOR SUBSTANTIAL UNCLASSIFIED

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EXPORT ORDERS FOR U.S. FIRMS. IT IS SUGGESTED THAT CAMPAIGN ACTIONS INCLUDE TOP LEVEL REPRESENTATION BY EMBASSY OFFICIALS ON BEHALF OF POTENTIAL U.S. SUPPLIERS AND PERSONAL CALLS ON MANUFACTURERS IN THE PUBLIC AND PRIVATE SECTORS TO DETERMINE THE CRITERIA FOR JOINT VENTURES/ LICENSING AGREEMENTS THAT WOULD BE ACCEPTABLE TO THE GOI.

(D) EIPT EQUIPMENT AND ELECTRONICS COMPONENTS: CONSIDERING THE SUCCESS OF THE JANUARY 1977 CATALOG SHOWS BUT THE LACK OF SUPPORT BY U.S. INDUSTRY FOR THE TRADE MISSION SCHEDULED DURING JANUARY 1978, IT IS SUGGESTED THAT THE POST SCHEDULE AND SUBMIT AN UPDATED SYNOPSIS OF THE MARKET POTENTIAL FOR THIS SECTOR DURING OCTOBER 1978 AND SCHEDULE CATALOG SHOWS DURING THE LAST QUARTER OF CY 1979 ON A PROVISIONAL BASIS.

(E) BULK HANDLING AND CONVEYING SYSTEMS: IN VIEW OF THE LIMITED NUMBER OF POTENTIAL BUYERS AND THE FACT THAT MATERIAL HANDLING SYSTEMS ARE OFTEN MANUFACTURED LOCALLY UNDER LICENSE, WCAG QUESTIONS THE VALIDITY OF CONSIDERING THIS PRODUCT CATEGORY FOR A CAMPAIGN. CCAG MAY WISH TO INCLUDE THIS PRODUCT CATEGORY UNDER SECTION IV, MAJOR PROJECTS, AND FOCUS ACTIONS ON INDUSTRY CALLS AND TO REPORTING.

(F) HEALTH CARE EQUIPMENT: WCAG CONCURS ON SCHEDULING CATALOG SHOWS DURING JANUARY 1979. IT IS SUGGESTED THAT A SYNOPSIS OF THE POTENTIAL MARKET BE SUBMITTED BY JUNE 30, 1978, WHICH WILL REFLECT CURRENT IMPORT CONTROL POLICIES APPLICABLE TO THIS PRODUCT CATEGORY.

(G) AVIONICS AND AVIATION SUPPORT EQUIPMENT: USDOC AGREES THAT THIS SECTOR BE INCLUDED AS A CAMPAIGN. WHILE THE

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MARKET IS POTENTIALLY LARGE, THE NUMBER OF END-USERS/BUYERS IS LIMITED TO ABOUT TEN GOI AGENCIES. IT IS SUGGESTED THAT CAMPAIGN ACTIONS FOCUS PERSONAL CALLS ON CIVIL AVIATION AND DEFENSE AGENCIES WITH SUBSEQUENT MAJOR PROJECT, INVESTMENT AND TO REPORTING.

4. UNDER SECTION IV: (A) IT MAY BE APPROPRIATE TO PLACE INCREASED EMPHASIS ON MAJOR PROJECT REPORTING RELATED TO ELECTRIC POWER GENERATION AND DISTRIBUTION EQUIPMENT IN VIEW OF THE HIGH PRIORITY ACCORDED TO THIS SECTOR BY THE

GOI AND RECENT POLICIES WHICH PERMIT THE IMPORTATION OF CAPTIVE DIESEL GENERATING SETS. THIS SECTOR MAY EVEN BE CONSIDERED FOR A CAMPAIGN IN VIEW OF THE MAGNITUDE OF EXPENDITURES PLANNED BY THE GOI. (B) CONSIDERING THE EMPHASIS BEING PLACED ON RURAL AND AGRICULTURAL DEVELOPMENT IT MAY BE APPROPRIATE TO CONSIDER AN ACTIVITY ENTITLED "AGRIBUSINESS" AND INITIATE ACTIONS TO DETERMINE REQUIREMENTS FOR IMPORTED EQUIPMENT, SUPPLIES AND TECHNOLOGY. (C) ADVISE BY SEPARATE CABLE FUNDS REQUIRED FOR POST CONDUCTED SURVEYS DURING FY 1979. (D) WCAG CONCURS WITH CCAG ASSESSMENT OF THE NEWSLETTER AS AN EFFECTIVE PROMOTIONAL TOOL. HOWEVER, UNLESS EMBASSY IS CONTEMPLATING SOME INNOVATIVE CHANGES OR INITIATIVES, IT IS SUGGESTED THE NEWSLETTER BE DELETED FROM SECTION IV AND THE ALLOCATION OF PERSONNEL RESOURCES BE REFLECTED IN PART A OF SECTION V. ALSO SUGGEST THAT UTILIZATION OF THE NEWSLETTER BE MENTIONED AS A PROMOTIONAL TOOL FOR VARIOUS CAMPAIGN ACTIONS. (E) ALTHOUGH CCAG NOT YET PROVIDED WITH A FULL RANGE OF U.S. EXHIBITIONS TO BE SUPPORTED BY USDOC, ASSUME CCAG WILL INDICATE SUPPORT FOR ALL EXHIBITIONS WHETHER OR NOT RELATED TO INDIVIDUAL CAMPAIGNS. (F) REQUEST THAT EMBASSY ELABORATE ON SUPPORT THAT WILL BE PROVIDED FOR JOINT COMMISSION ACTIVITIES AND EXPECTED RESULTS. (G) OTHER SPECIAL POST EFFORTS APPEAR APPROPRIATE. VANCE

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